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Senate creates new Merit Award program Also provides tax relief to low-income families

LANSING – The Senate passed two measures today designed to provide more money to students and low-income families, said Sen. Ron Jelinek, R-Three Oaks.

The Senate created a new Merit Award scholarship program that would provide up to \$4,000 for students who complete two years of post secondary education.

Students who perform well on the high school state test and maintain a 2.5 GPA in college would receive \$1,000 in each of their first two years of college and the remaining \$2,000 upon completion of their second year. Students who do not perform well on the high school test but finish two years of college while maintaining a 2.5 GPA would receive \$4,000 after completion of the second year.

“With the cost of attending college perpetually increasing we need to provide our students with as much financial help as we can give them so they can continue their education,” said Jelinek, R-Three Oaks. “However, we want to ensure they are successful so this scholarship will encourage them to work hard and get good grades.”

The Senate also voted to provide a state tax credit to low-income families that would offer tax relief for these families while stimulating the economy. The credit would be equal to 20 percent of the Federal Earned Income Tax Credit.

“Many working-class families are struggling to make ends meet because of company layoffs or reduced hours and cannot afford even simple items a family needs to live,” said Jelinek. “This tax credit will provide them with much needed extra cash which will be spent at local businesses who also are feeling Michigan’s economic pinch. This is a great boost for the entire state.”

The EITC is a tax cut for low-income families who will help boost the state economy by using their refund to buy goods and services they’ve been struggling to afford. In addition, workers who must find new, lower-paying jobs because of Michigan’s poor economy will be able to use the tax credit in easing their transition to a lower pay scale.

The credit would be available for tax years beginning after Dec. 31, 2007. It would start at 10 percent in 2008 and increase to 20 percent in 2009.

“Today we cut taxes for the working poor, stimulated Michigan’s economy, preserved thousands of jobs, created job opportunities for Michigan’s youth and increased funding for college scholarships,” said Senate Majority Leader Ken Sikkema, R-Wyoming.

“Earlier this summer, I said that in return for fixing the overtime legislation, I was willing to do things that are good for Michigan’s future. Every one of these bills accomplishes that goal.”

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